

How is the Food Service Sector Responding to Health and Demographic Trends?

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OVERVIEW



- **Industry Forecast 2003**
- **Who we are**
- **Customers Drive the Industry!**

Restaurant Industry 2003

- Sales.....426 Billion
- Locations.....870,000
- Employees.....11.7 Million
- Share of Food \$.....46.6%
- Meals.....54 Billion
- Typical Person.....4.2 meals / wk



WHO WE ARE



- **11.7 million employees**
- **Largest private sector employee**
- **9% of those employed in the United States**

WHO WE ARE

- **1/3 of all adults in the United States have worked in the restaurant industry at some point during their lives**
- **Total annual wages and benefits equal \$47 billion for fullservice restaurants and \$37 billion for limited-service and snack establishments**

Eating-and-Drinking Places are Mostly Small Businesses

- **More than seven out of 10 eating-and-drinking places are single-unit (independent) operations**
- **One out of three eating-and-drinking place firms are sole proprietorships or partnerships**
- **More than seven out of 10 eating-and-drinking places had less than 20 employees in 2000**



Our Commitment

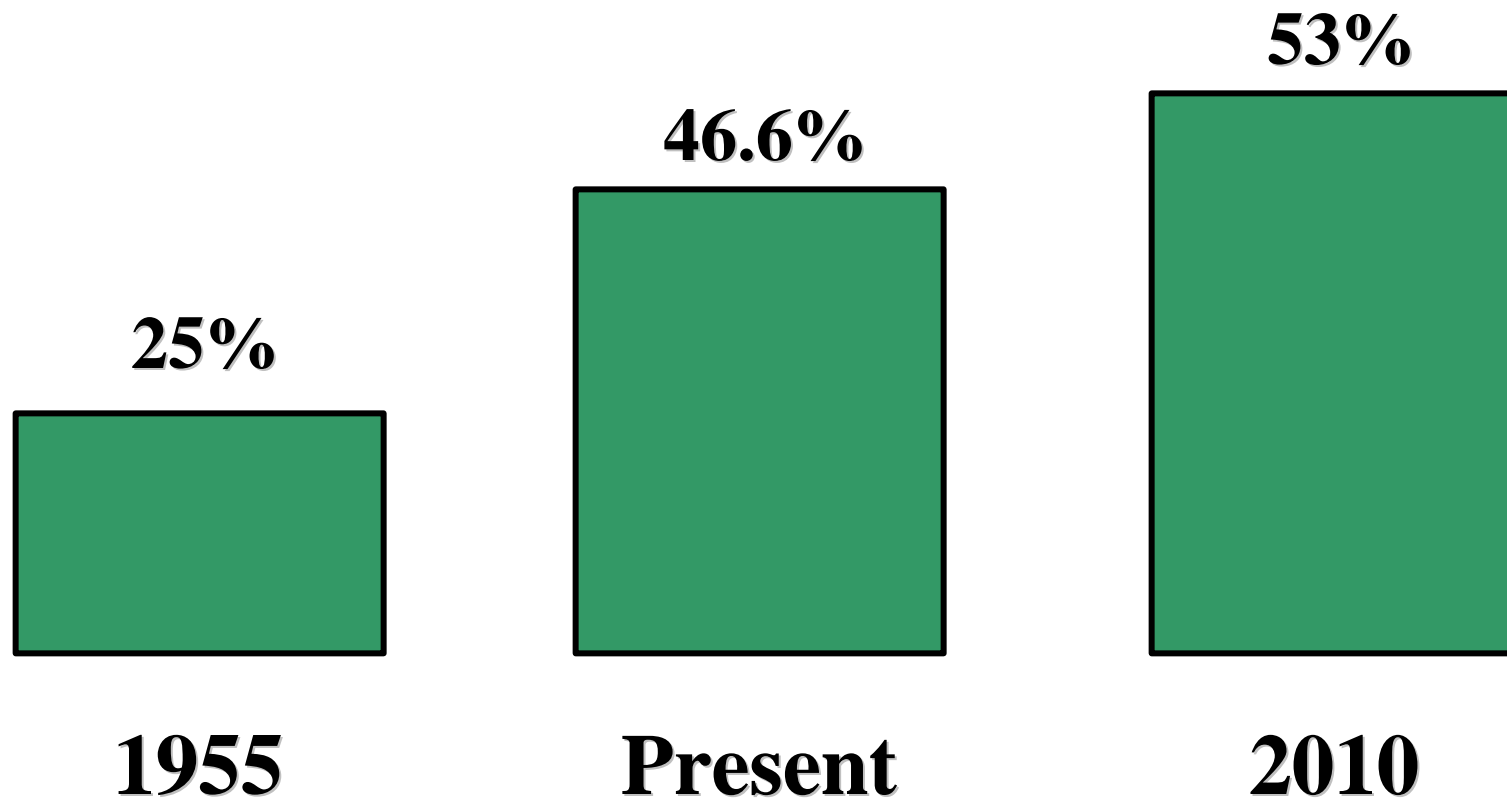
- **Cornerstone of Community involvement**
- **9 out of 10 tableservice-restaurant operators raise money for charities, or donate food or space**
- **Restaurateur's philanthropic activities are most likely to be directed to community health programs**

Restaurants:

First in Daily Customer Contact

- **The typical person (age 8 and older) consumes an average of 4.2 meals prepared away from home per week, or 218 meals per year**
- **More than 54 billion meals will be eaten in restaurants and school and work cafeterias in 2003**
- **As income increases, consumers eat away from home more frequently**

Proportion of the Food Dollar Spent Away From Home



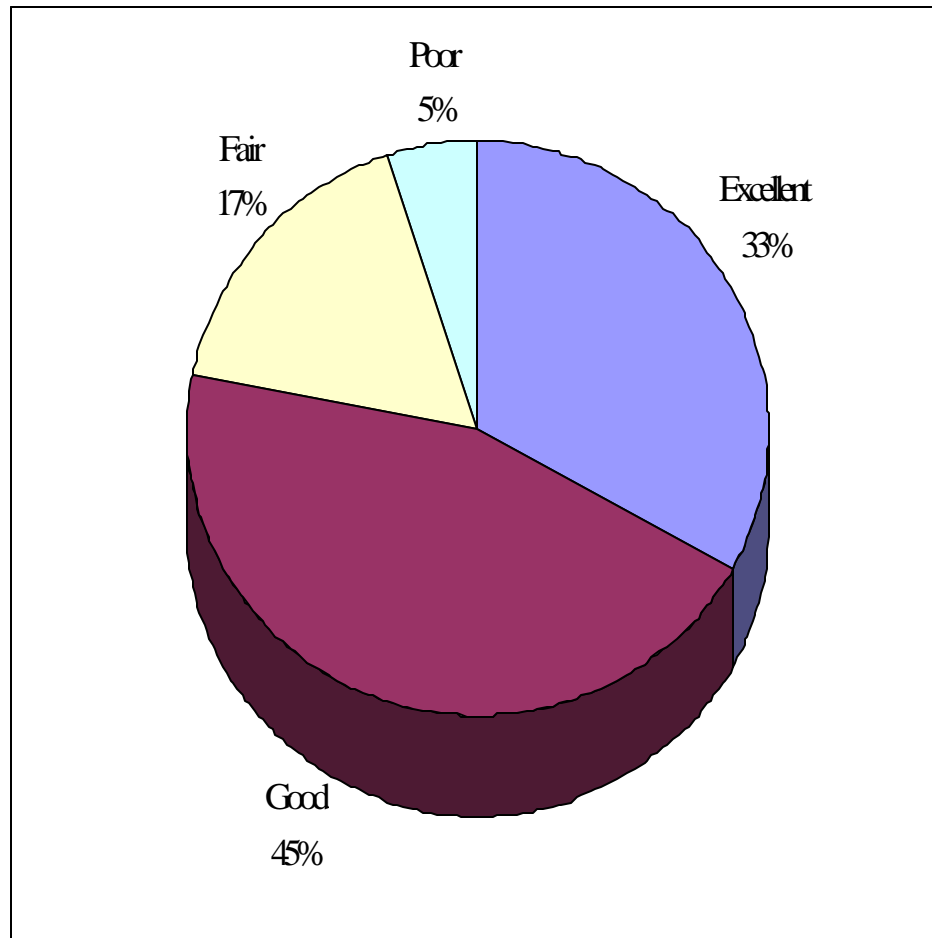
SO...

**Who Drives the
Industry ???**

Customers Are The Driving Force

- **A restaurant doesn't “create” a niche, it taps into one**
- **Any restaurant that fails to meet customer demands will not survive**

Meeting Customer Expectations



Nearly four out of five consumers gave an 'excellent' or 'good' rating to the value they received for the price they paid

Source: National Restaurant Association, 1999 Consumer Survey, excludes non-respondents

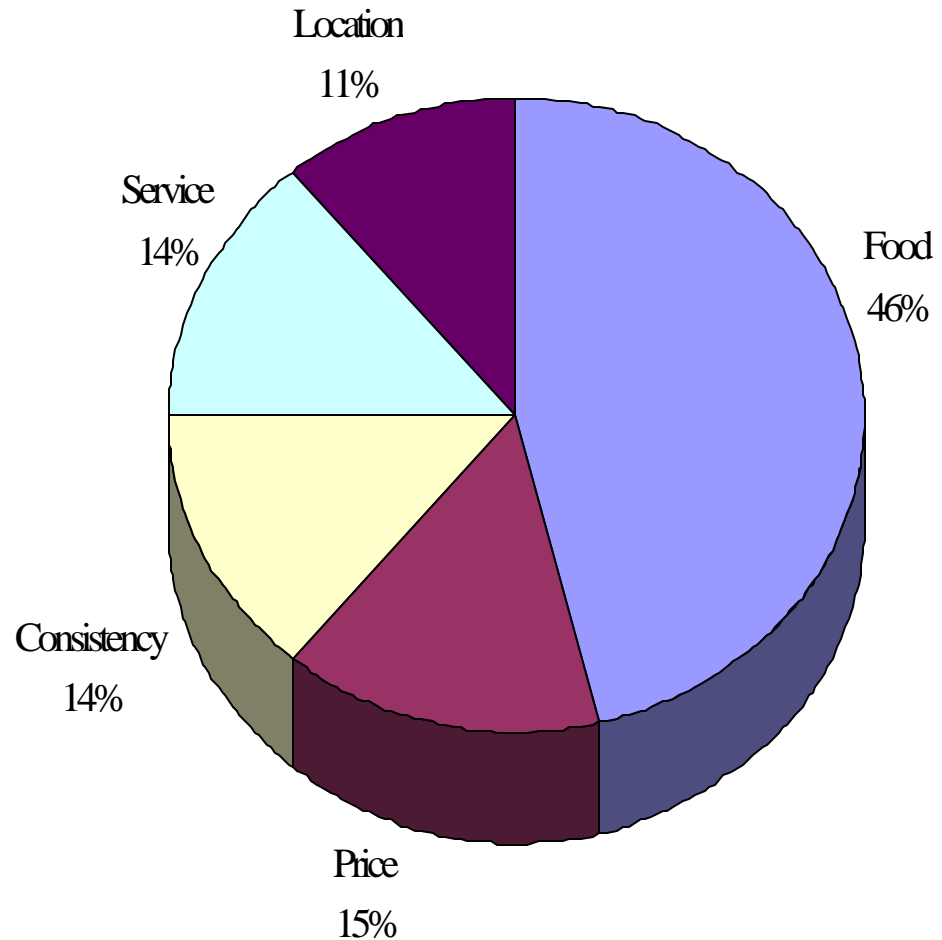


Industry of Choice

- **Virtually all restaurants allow customers to customize their meals, whether it is food-preparation method or substitution of food items to meet their needs**
- **Restaurants provide a variety of sizes including appetizers, half-portions, full portions, and even double portions**
- **Over 70% of consumers are more interested in customizing their food choices today than they were two years ago**

Customer Expectations

All age groups identify food as the most important attribute when dining out





NOT JUST FOR THE FOOD

More than two out of three adults agree that going out to a restaurant with family/friends gives them an opportunity to socialize and is a better way to make use of their leisure time than cooking and cleaning up.



Knowledge, Attitudes, Wants and Needs

New Research Describes:

- **How receptive consumers are towards ingredients, flavors and preparations**
- **What types of foods and ingredients we can expect a growing number of consumers to be interested in ordering from foodservice establishments**

Outside of the Ordinary

- **Consumers want to be “sold” on menu choices**
- **Consumers are more knowledgeable and sophisticated in expressing what they want**

Words that add a lot of interest

- Fresh, Farm-fresh
- Home-made
- Grilled, Charcoal grilled
- Roasted
- Char-Broiled
- Baked
- Barbequed
- Marinated
- Sautéed
- Hearty

Making a menu choice less interesting

- Raw
- Deep-fried, Fried, Flash Fried
- Blackened
- Infused
- Pureed
- Flan
- Jambalaya
- Poached

Food Attitudes and Menu Choices

How people choose foods at restaurants:

- **How adventurous (or unadventurous) one is about foods**
- **How concerned one is about the food one consumes for health, nutrition or some form of dietary regime**

Adventurous Diners

Foods

- Prosciutto, Duck, Rabbit
- Mussels
- Goat cheese, gorgonzola
- Balsamic Vinegar, Tandoori
- Artichokes, Lemon Grass, Arugula
- Couscous, Polenta
- Sushi

Menu Expressions

- Spicy
- Organic
- Herb-crusted
- Aged
- Free-range
- Wild
- Infused
- Sun-dried

Health-Conscious Diners

Foods

- Salmon
- Feta, Goat Cheese
- Curry, Pine Nuts
- Winter Vegetables, Bib Lettuce, Eggplant
- Black Beans, Sun-dried Tomatoes, Figs
- Risotto, Polenta
- Ciabata Bread, Naan

Menu Expressions

- Broiled
- Baked
- Natural
- Stir-Fried
- Pesticide Free
- Organic
- Delicate
- Hormone Free
- Stewed
- Raw
- Pureed

Carefree Diners

Foods

- Steak, Chicken, Pork
- Fresh Mozzarella
- Pita Bread
- Vanilla
- Ketchup, Mustard, Garlic

Menu Expressions

- Grilled
- Charbroiled
- Hearty
- Seasonal
- Smoked
- Mashed
- Mesquite
- Au Gratin
- Fried
- Sauced
- Breaded

Traditional Diners

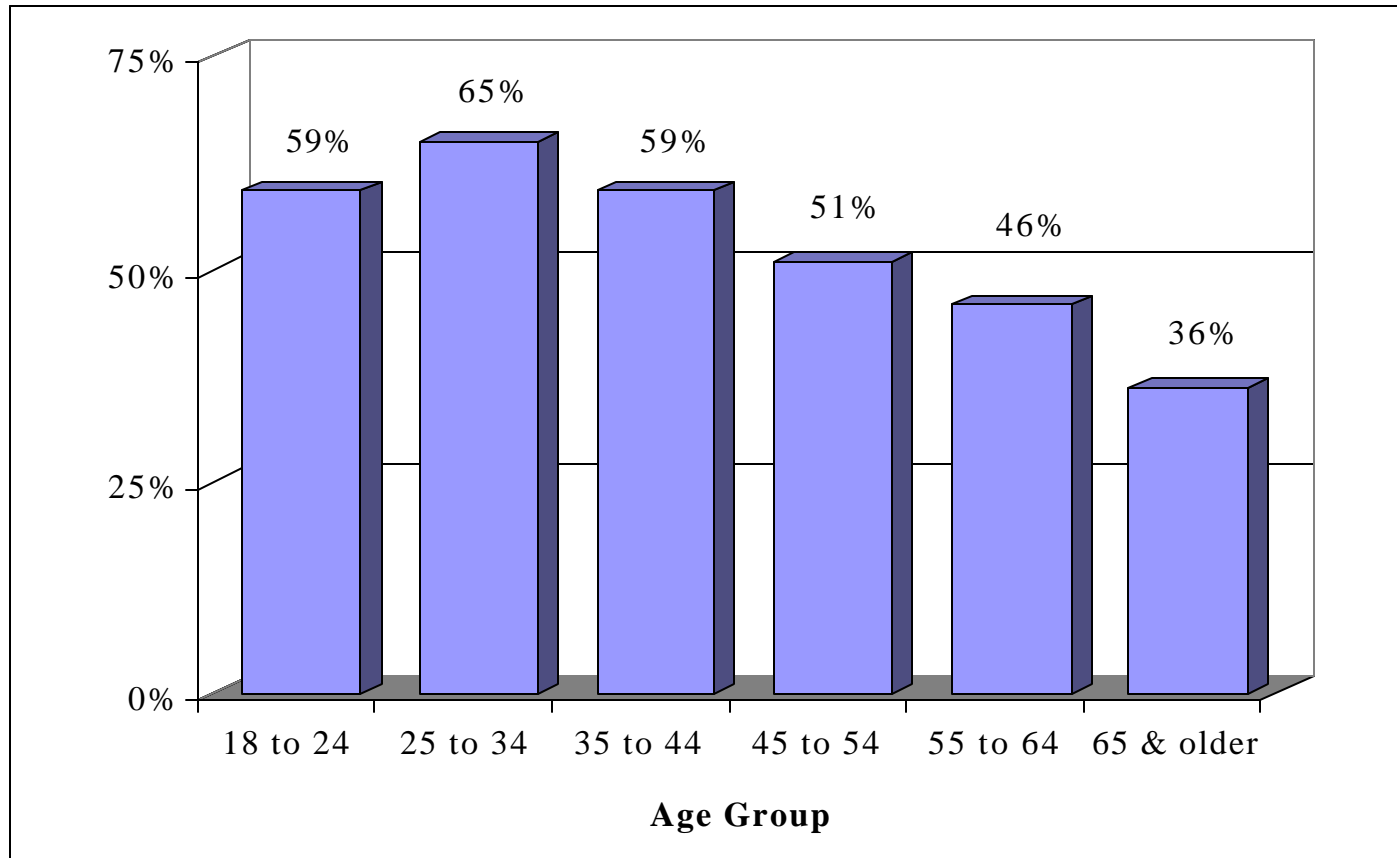
Foods

- **Steak, Chicken, Turkey**
- **Fresh Mozzarella**
- **Ketchup, Mustard**
- **Cinnamon**

Menu Expressions

- **Fresh, Farm Fresh**
- **Homemade**
- **Roasted**
- **Broiled**
- **Baked**
- **Farm Raised**
- **Crispy, Crunchy**
- **Pesticide Free**
- **Mashed**
- **Deep Fried**
- **Shredded**
- **Ground**

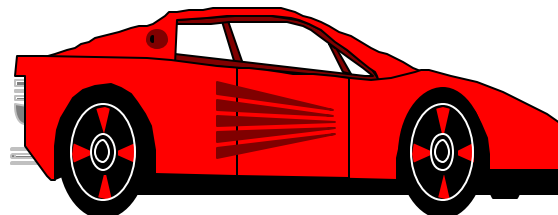
Percentage of Adults who Indicated that They are Busy so Convenience is Critical



Source: National Restaurant Association, 1999 Consumer Survey

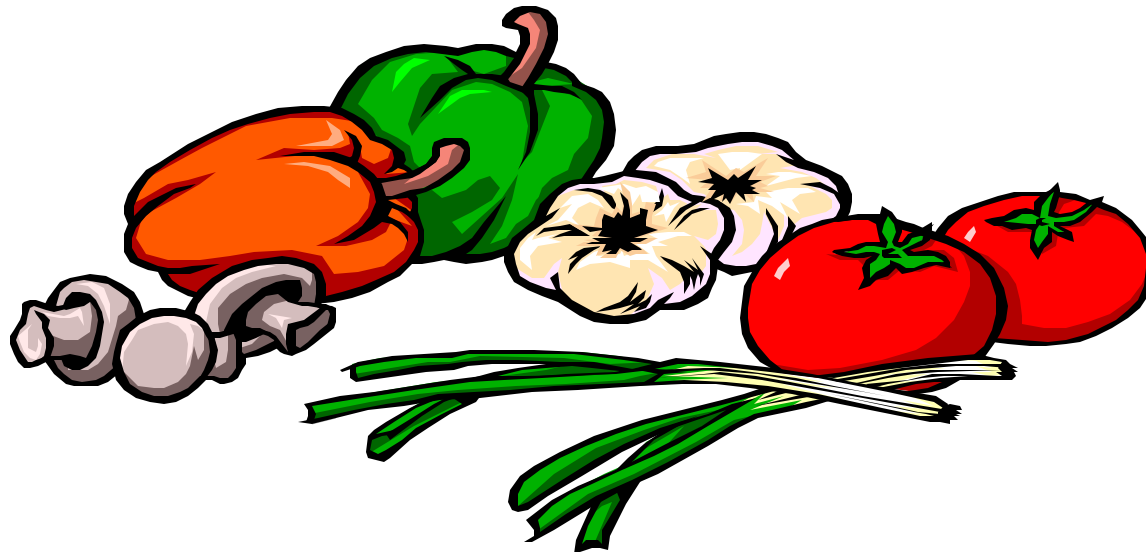
Takeout Trends

- **Growing appetite for takeout food**
- **78% of U.S. households make at least one carryout or delivery purchase in a typical month**



Menu Offerings

- **One size definitely doesn't fit all**
- **Customization is in at fine dining, casual dining and family restaurants alike**



Starters Anyone?

- **The number of appetizers offered in 1999 yielded an average of nine appetizers per menu**
- **Stimulate diners' taste buds and awaken the desire to experiment**
- **Promote sharing**
- **May easily double as a light meal for an adult or a child**

Entrée Salads

- **More chains offer salads as a meal**
- **Wider selection of unique entrée salads available**



Entrée Salads

- **Nearly half of tableservice operators report consumers buying more salads than 2 years ago**
- **More than 80% of tableservice menus offer main-dish salads**
- **Flavor and texture are driving factors - cool, crunchy, colorful**

Produce Impact



- **Rise of organics**
- **Locally grown**
- **Entrée salads**
- **Meatless meals**
- **Comfort foods**
- **Ethnic fusion**
- **Labor savers**

New Tastes

**Produce tried first at a restaurant and
then purchased at a store:**

- **Mangoes**
- **Kiwifruit**
- **Papayas**
- **Jicama**
- **Pineapples**

Source: The Packer's Fresh Trends 2000

Wrap It Up

- **Make tonight's dinner tomorrow's lunch**
- **95% of restaurants provide take-away containers for consumers that want to turn "tonight's dinner into tomorrow's lunch."**
- **43% of consumers sometimes choose a larger portion so they can take leftovers home**

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